

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Audit Report

For the Year Ended March 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Suttons Bay-Bingham Fire & Rescue Dept.	County N/A
Audit Date 3/31/05	Opinion Date 9/16/04	Date Accountant Report Submitted to State: 9/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

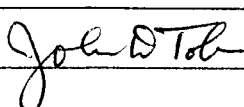
You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

TOBIN & CO., P.C.

Certified Public Accountant (Firm Name) 400 E. EIGHTH ST.			
Street Address TRAVERSE CITY, MI 49686-2668		City	State
231-947-0151			ZIP
Accountant Signature 		Date	

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INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

In connection with our audit of the financial statements of the Suttons Bay-Bingham Fire and Rescue Department --, for the year ended March 31, 2005, we submit the following comments and recommendations. This section is intended to take the place of a separate management letter.

General

The records were maintained in excellent condition by the Fire Department's accountant. Bank accounts were reconciled monthly, journals and ledgers were properly posted, and supporting documents and follow-up procedures were adequate. Monthly financial and budget status reports were presented to the Board. Your accountant's efforts in this area are commendable.

Budgets and Procedures

The procedures utilized in budget preparation, adoption and management were good. No violations of Act 621 of 1978 were noted. Budgets were adopted for the General Fund and Special Revenue Funds.

Capital Assets

The Fire Department apparently owns no land or buildings. The Townships serviced by the Fire Department own and maintain their own fire stations, which are utilized by the Fire Department for its vehicles and equipment. Most vehicles and equipment are purchased, owned and maintained by the Fire Department, which maintains records of its capital assets, and the participating units maintain records of assets to which they have title. Some assets are possibly recorded at estimated or replacement value, due to lack of historical data; however, new purchases are recorded at acquisition cost. A tower truck was received from Suttons Bay-Bingham Fire and Rescue Department -- Metro Division at a value of \$165,000.

Insurance and Bonds

The Department has insurance coverage for fire, liability, automobile, equipment and workmen's compensation. Coverage was reviewed during the audit year. There is surety bond coverage for the treasurer.

Receipting

Official pre-numbered receipts are not utilized when income is received. Predominantly, revenue is received from Townships served by the Department. Such payments received are by check. Bank deposit slips, copies of payor checks, and remittance advices are kept for support, and the system appears to be adequate at the present time. Should there be an increase in sources of income or should the Department begin receiving currency, the use of official pre-numbered receipts for all income should be implemented.

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Comments and Recommendations

Board Minutes

Board minutes were maintained in good order.

General Fund

For the audit year, expenditures exceeded revenues by \$31,029, and the fund balance was \$147,435 at March 31, 2005.

Fire Prevention Bureau Fund

This fund was closed during the audit year by Board action and fire prevention activities were assimilated into the General Fund. \$120 of interest income and the beginning cash balance were transferred to the Public Improvement Fund.

Equipment Replacement Fund

This fund was established to account for a grant from the Grand Traverse Band of Ottawa and Chippewa Indians. The Department purchased SCBA and other equipment in accordance with provision of the grant. The balance in the fund was \$578 at March 31, 2005 which consists of the undisbursed portion of interest earned on invested funds and an unrestricted cash contribution of \$75.

Public Improvement Fund

This fund was established to account for non-grant monies set aside for capital purchases. The fund earned interest of \$987 and received a transfer of \$45,190 from the Fire Prevention Bureau Fund. The amount of the fund balance was \$93,876 at March 31, 2005.

Payroll Procedures

Department payroll records were in good order.

Other Data

After the completion of our audit, we will mail two (2) copies of this report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the course of this examination. Your confidence is respected, and please contact us if any questions arise.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

Suttons Bay-Bingham Fire and Rescue Department
Suttons Bay, Michigan

We have audited the accompanying basic financial statements of Suttons Bay-Bingham Fire and Rescue Department as of and for the year ended March 31, 2005, as listed in the Table of Contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suttons Bay-Bingham Fire and Rescue Department at March 31, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The supplemental information has been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a Management's Discussion and Analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Tobin & Co., P.C.

Tobin & Co., P.C.
September 16, 2005

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Statement of Net Assets

March 31, 2005

	<u>Primary Government</u>
	<u>Governmental Activities and Total</u>
<u>Assets</u>	
Cash	\$ 29,352
Investments	251,033
Taxes Receivable	38,867
Accounts Receivable	25,390
Capital Assets, Net of Depreciation	<u>621,278</u>
Total Assets	<u>965,920</u>
<u>Liabilities</u>	
Accounts Payable	<u>20,372</u>
Total Liabilities	<u>20,372</u>
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	621,278
Unrestricted	<u>324,270</u>
Total Net Assets	<u>\$ 945,548</u>

The Notes to the Financial Statements are an integral part of this statement.

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Suttons Bay-Bingham Fire and Rescue Department

Statement of Net Activities

For the Year Ended March 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:			
Public Safety	\$ 694,313	\$ 684,427	\$ (9,886)
Total Governmental Activities	<u>\$ 694,313</u>	<u>\$ 684,427</u>	<u>(9,886)</u>
General Revenues:			
Gain on Sale of Capital Assets			3,575
Unrestricted Investment Earnings			2,096
Miscellaneous			<u>1,278</u>
Total General Revenues			<u>6,949</u>
Change in Net Assets			(2,937)
Net Assets – Beginning			<u>948,485</u>
Net Assets – Ending			<u>\$ 945,548</u>

The Notes to the Financial Statements are an integral part of this statement.

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Suttons Bay-Bingham Fire and Rescue Department

Balance Sheet

Governmental Funds

March 31, 2005

<u>Assets</u>	<u>General</u>	<u>Other</u>	<u>Total</u>
Cash in Bank	\$ 4,352	\$ 25,000	\$ 29,352
Investments	198,681	52,352	251,033
Taxes Receivable	38,867	-	38,867
Accounts Receivable	<u>25,390</u>	<u>-</u>	<u>25,390</u>
Total Assets	<u>\$ 267,290</u>	<u>\$ 77,352</u>	<u>\$ 344,642</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 20,372	\$ -	\$ 20,372
Deferred Revenue	<u>38,867</u>	<u>-</u>	<u>38,867</u>
Total Liabilities	<u>59,239</u>	<u>-</u>	<u>59,239</u>
Fund Balances:			
Unreserved	208,051	-	208,051
Unreserved reported in nonmajor:			
Special Revenue Funds	<u>-</u>	<u>77,352</u>	<u>77,352</u>
Total Fund Balances	<u>208,051</u>	<u>77,352</u>	285,403
Total Liabilities and Fund Balances	<u>\$ 267,290</u>	<u>\$ 77,352</u>	

Amounts reported for governmental activities on the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.

621,278

Property taxes receivable are not deferred in the statement of
net assets

38,867

Net Assets

\$ 945,548

The Notes to the Financial Statements are an integral part of this statement.

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Suttons Bay-Bingham Fire and Rescue Department
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2005

	<u>General</u>	<u>Other</u>	<u>Total</u>
<u>Revenues</u>			
Contributions from Local Units	\$ 488,576	\$ 30,000	\$ 518,576
Charges for Services	124,997	-	124,997
Interest and Rents	2,096	-	2,096
Other	<u>45,707</u>	<u>-</u>	<u>45,707</u>
Total	<u>661,376</u>	<u>30,000</u>	<u>691,376</u>
<u>Expenditures</u>			
ALS Services	27,135	-	27,135
Building	16,570	-	16,570
Personnel	552,498	-	552,498
Fire Operations	14,444	-	14,444
Other Charges	21,133	-	21,133
Capital Outlay	<u>70,157</u>	<u>26,990</u>	<u>97,147</u>
Total	<u>701,937</u>	<u>26,990</u>	<u>728,927</u>
<u>Excess Revenues (Expenditures)</u>	(40,561)	3,010	(37,551)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	-	20,000	20,000
Operating Transfers (Out)	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Total	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources(Uses)</u>	(60,561)	23,010	(37,551)
Fund Balance – Beg. of Year	<u>268,612</u>	<u>54,342</u>	
Fund Balance – End of Year	<u>\$ 208,051</u>	<u>\$ 77,352</u>	

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets over their estimated useful lives are reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation. 34,614

Change in net assets of governmental activities. \$ (2,937)

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Notes to Financial Statements

March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department's basic financial statements include the accounts of all Department operations. The criteria for including organizations within the Department's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*", is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's Board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Department. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Department segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Department has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Department. Revenues are derived primarily from local distributions or grants.

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Suttons Bay-Bingham Fire and Rescue Department –

Notes to Financial Statements

March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department –

Notes to Financial Statements

March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Board.

In the body of the financial statements, the actual and budgeted expenditures for the budgetary fund have been shown on a function basis. The approved budget for the funds was adopted on a function basis.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Vehicles	15 years
Equipment	5 years
Turn Out Gear	7 years

F. Investments

Investments as of March 31, 2005 consisted of an investment at a local bank trust department in a mutual fund consisting of allowable investments for local units of government.

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Suttons Bay-Bingham Fire and Rescue Department –

Notes to Financial Statements

March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accounts Receivable

The Department contracts with an independent party to perform billing for fire and rescue services. The Department accepts assignment of its receivables and consequently accepts payments from insurance companies as payment, in full, for charges. Accounts receivable are recorded at the time services are performed and billed, and revenue recognition is at the time of billing.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provision of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2005.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2005, four cost centers exceeded budgeted amounts.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1998, states that the Board, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- 1. In bonds, securities, and other direct obligations of the United States or an agency or instrumentality of the United States.
- 2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution but only if the financial institution complies with subsection (2).

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department –

Notes to Financial Statements

March 31, 2005

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

A. Legal Provisions for Deposits and Investments (Continued)

3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after date of purchase.
4. In repurchase agreements consisting of instruments defined in (1) above.
5. In bankers' acceptances of United States Banks.
6. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. In mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Fire Department has \$138,627 deposited with a local bank at March 31, 2005 with a carrying value of \$29,352. Interpreting the FDIC insurance coverage, \$100,000 per demand deposit account and \$100,000 per time deposit account in each depository, the Fire Department had \$38,627 of uninsured deposits at March 31, 2005.

NOTE 4 - CAPITAL ASSETS

	<u>3/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/05</u>
Governmental Activities:				
Vehicles	\$ 770,375	\$ 78,425	\$ -	\$ 848,800
Equipment	<u>79,886</u>	<u>18,722</u>	<u>-</u>	<u>98,608</u>
	850,261	97,147	-	947,408
Less Accumulated Depreciation	<u>(263,597)</u>	<u>(62,533)</u>	<u>-</u>	<u>(326,130)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 586,664</u>	<u>\$ 34,614</u>	<u>\$ -</u>	<u>\$ 621,278</u>

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Notes to Financial Statements

March 31, 2005

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts billed for fire and rescue services. The Department accepts assignment to insurers. An allowance for doubtful accounts of \$15,000 has been recorded to reflect expected realization of the amount to be paid by insurance companies.

NOTE 6 - TRANSFERS BETWEEN FUNDS

During the audit year the General Fund transferred \$7,500 to the Equipment Replacement Fund, \$5,000 to the Vehicle Replacement Fund, \$2,500 to the Building Fund, and \$5,000 to the Budget Stabilization Fund.

NOTE 7 - INVENTORIES

The Fire Department does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

NOTE 8 - LEASE

Suttons Bay and Bingham Townships formed a joint building authority to construct a facility for the Fire and Rescue Department. The facility was completed in May 2005. Bonds amounting to \$1,975,000 were sold to finance the project. The Department will lease the facility from the Building Authority. Rent will be paid to the authority on the first day of the month preceding the dates on which principal and interest is due on the bonds. Interest is due on May 1 and November 1 beginning on May 1, 2005, and principal payments are due annually beginning May 1, 2005. Scheduled bond principal and interest payments are as follows:

<u>Year End</u>				
<u>March 31,</u>	<u>Principal 5/1</u>	<u>Interest 5/1</u>	<u>Interest 11/1</u>	<u>Total</u>
2006	\$ 35,000	\$ 81,469	\$ 53,350	\$ 169,819
2007	75,000	53,350	51,288	179,638
2008	75,000	51,288	49,225	175,513
2009	100,000	49,225	46,475	195,700
2010	100,000	46,475	43,725	190,200
2011	125,000	43,725	40,288	209,013
2012	125,000	40,288	36,850	202,138
2013	125,000	36,850	33,413	195,263
2014	150,000	33,413	29,288	212,701
2015	150,000	29,288	25,163	204,451
2016	175,000	25,163	20,350	220,513
2017	175,000	20,350	15,538	210,888
2018	175,000	15,538	10,725	201,263
2019	190,000	10,725	5,500	206,225
2020	200,000	5,500	-	205,500
	<u>\$1,975,000</u>	<u>\$ 542,647</u>	<u>\$ 461,178</u>	<u>\$2,978,825</u>

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Notes to Financial Statements

March 31, 2005

NOTE 9 - PENSION PLAN

The Department has two defined contribution benefit plans with separate provisions for rescue department employees and fire volunteers. The Department Treasurer administers both plans.

The retirement plan available to substantially all rescue employees provides for Department contributions of up to 4% of gross salaries earned by employees. Employer contributions vest at the time contributions are made, and distributions are made the earlier of thirty-one days after participant's separation from service or attainment of age 70 ½. During the year ended March 31, 2005, the Department contributed \$10,376 to the plan.

The Department has a defined contribution plan for its fire volunteers, which is not insured by the pension benefit guaranty corporation because it is discretionary. The plan was adopted on April 1, 1990. Individuals are eligible to participate in the plan when the Department accepts application and they pass a physical examination. Contributions vest to volunteers after completing five years of service, with years of service credited for twelve consecutive months of service. Payments are made at normal retirement of age 65, or upon total disability, death or termination of employment. During the year ended March 31, 2005, the Board elected to contribute \$29,980 to the pension plan.

NOTE 10 - CONTINGENT LIABILITIES

There are no known contingent liabilities of the Suttons Bay-Bingham Fire and Rescue Department.

NOTE 11 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and firefighters; and natural disasters. During the audit year, the Department addressed these risks through the purchase of commercial insurance. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 12 - COMPENSATED ABSENCES

The Department provides personnel with paid vacation/sick days. Paid vacation/sick days accrue beginning each fiscal year with a maximum of 144 hours. Unused vacation/sick pay is paid to personnel at time of termination. At March 31, 2005, the liability is estimated at \$12,421.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 1

Page 1

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Favorable</u>
<u>Revenues</u>				<u>(Unfavorable)</u>
Contributions from Local Units:				
Appropriations:				
Bingham Township	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Suttons Bay Township	20,000	20,000	20,000	-
Property Tax Collections:				
Bingham Township	187,900	187,900	196,822	8,922
Suttons Bay Township	216,400	216,400	251,754	35,354
Charges for Services:				
Rescue Runs	136,000	136,000	124,997	(11,003)
Interest and Rents:				
Earned Interest	2,000	2,000	2,096	96
Other Revenue:				
Township Contracts	25,000	25,000	40,852	12,500
Miscellaneous	-	-	4,855	4,855
 Total Revenues	 607,300	 607,300	 661,376	 54,076
 <u>Expenditures</u>				
ALS General Operations:				
Office Supplies	-	-	2,146	-
General Supplies	-	-	6,002	-
Medical	-	-	2,109	-
Oxygen	-	-	1,372	-
Maintenance	-	-	4,442	-
Education and Dues	-	-	1,603	-
Miscellaneous	-	-	9,461	-
 Total	 28,250	 25,650	 27,135	 (1,485)
Building:				
Utilities	-	-	5,585	-
General Repairs and Supplies	-	-	10,985	-
 Total	 22,000	 21,000	 16,570	 4,430

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 1

Page 2

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<u>Expenditures (continued)</u>				
Compensation:				
Standby	-	-	16,083	-
Fire Chief	-	-	10,500	-
Deputy Fire Chief	-	-	1,625	-
Reserve Pool	-	-	12,284	-
Paramedic Wages	-	-	252,030	-
Administrator	-	-	47,598	-
Payroll Taxes	-	-	26,164	-
Total	<u>360,250</u>	<u>362,250</u>	<u>366,284</u>	<u>(4,034)</u>
Administration and General:				
Secretary	-	-	400	-
Contractual Services	-	-	8,150	-
Supplies and Miscellaneous	-	-	3,511	-
Total	<u>15,125</u>	<u>14,125</u>	<u>12,061</u>	<u>2,064</u>
Fire Department General Operations:				
Printing and Publishing	-	-	1,312	-
General Supplies	-	-	572	-
SCBA Air	-	-	663	-
Radios and Pagers	-	-	2,906	-
Equipment Maintenance	-	-	1,075	-
Miscellaneous	-	-	311	-
Dues and Memberships	-	-	423	-
Education and Travel	-	-	5,702	-
Physical Exams	-	-	1,480	-
Total	<u>20,850</u>	<u>18,100</u>	<u>14,444</u>	<u>3,656</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 1
Page 3

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures (continued)</u>				
Insurance and Fringe Benefits:				
Fire and Casualty	-	-	18,958	-
Workmen's Compensation	-	-	52,952	-
Health Insurance	-	-	55,787	-
Life Insurance and Disability	-	-	4,836	-
L.O.S.A.P. Payments	-	-	29,980	-
Clothing	-	-	1,264	-
Retirement	-	-	10,376	-
Total	<u>147,450</u>	<u>152,800</u>	<u>174,153</u>	<u>(21,353)</u>
Vehicle:				
Fuel	-	-	3,893	-
General Repair	-	-	16,202	-
General Supplies	-	-	1,038	-
Total	<u>15,500</u>	<u>15,500</u>	<u>21,133</u>	<u>(5,633)</u>
Capital Outlay	<u>3,500</u>	<u>3,500</u>	<u>70,157</u>	<u>(66,657)</u>
Total Expenditures	<u>612,925</u>	<u>612,925</u>	<u>701,937</u>	<u>(89,012)</u>
<u>Excess Revenue (Expenditures)</u>	<u>(5,625)</u>	<u>(5,625)</u>	<u>(40,561)</u>	<u>(34,936)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	-
Total	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	(1) \$ <u>(25,625)</u>	\$ <u>(25,625)</u>	(60,561)	\$ <u>(34,936)</u>
Fund Balance – Beginning of Year			<u>268,612</u>	
Fund Balance – End of Year			<u>\$ 208,051</u>	
(1) Budgeted from Fund Balance				

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 2

Combining Balance Sheet

All Non-Major Funds

March 31, 2005

<u>Assets</u>	<u>Equipment Replacement Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Building Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total</u>
Cash in Bank	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Investments	<u>791</u>	<u>47,348</u>	<u>4,213</u>	<u>-</u>	<u>52,352</u>
Total	<u>791</u>	<u>47,348</u>	<u>4,213</u>	<u>25,000</u>	<u>77,352</u>
<u>Liabilities and Fund Equity</u>					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity					
Fund Balance	<u>791</u>	<u>47,348</u>	<u>4,213</u>	<u>25,000</u>	<u>77,352</u>
Total	<u>791</u>	<u>47,348</u>	<u>4,213</u>	<u>25,000</u>	<u>77,352</u>
Total Liabilities and Fund Equity	<u>\$ 791</u>	<u>\$ 47,348</u>	<u>\$ 4,213</u>	<u>\$ 25,000</u>	<u>\$ 77,352</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 3

Combining Statements of Revenues, Expenditures and Changes in Fund Balance

All Non-Major Funds

For the Year Ended March 31, 2005

<u>Revenues</u>	<u>Equipment Replacement Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Building Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total</u>
Contributions from Townships	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
Total	-	30,000	-	-	30,000
<u>Expenditures</u>					
Capital Outlay	12,037	9,851	5,102	-	26,990
Total	12,037	9,851	5,102	-	26,990
<u>Excess Revenues (Expenditures)</u>	(12,037)	20,149	(5,102)	-	3,010
<u>Other Financing Sources</u>					
Transfers In	7,500	5,000	2,500	5,000	20,000
Transfers Out	-	-	-	-	-
Total	7,500	5,000	2,500	5,000	20,000
<u>Excess Revenues (Expenditures) and Other Financing Sources</u>	(4,537)	25,149	(2,602)	5,000	23,010
<u>Fund Balance – Beginning of Year</u>	5,328	22,199	6,815	20,000	54,342
<u>Fund Balance – End of Year</u>	\$ 791	\$ 47,348	\$ 4,213	\$ 25,000	\$ 77,352

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 4

Statement of Revenues, Expenditures and Changes in Fund Balance

Equipment Replacement Fund

For the Year Ended March 31, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u> -Grant	\$ -	\$ -	\$ -
Total	-	-	-
<u>Expenditures</u> - Capital Outlay	-	12,037	(12,037)
Total	-	12,037	(12,037)
<u>Excess Revenues (Expenditures)</u>	-	(12,037)	(12,037)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	7,500	7,500	-
Operating Transfers (Out)	-	-	-
Total	7,500	7,500	-
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 7,500</u>	(4,537)	<u>\$ (12,037)</u>
Fund Balance – Beginning of Year		5,328	
Fund Balance – End of Year		<u>\$ 791</u>	

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 5

Statement of Revenues, Expenditures and Changes in Fund Balance

Vehicle Replacement Fund

For the Year Ended March 31, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u> – Contribution from Township	\$ -	\$ 30,000	\$ 30,000
Total	-	30,000	30,000
<u>Expenditures</u> – Capital Outlay	-	9,851	(9,851)
Total	-	9,851	(9,851)
<u>Excess Revenues (Expenditures)</u>	-	20,149	20,149
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	-	5,000	5,000
Operating Transfers (Out)	-	-	-
Total	-	5,000	5,000
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ -	25,149	\$ 25,149
Fund Balance – Beginning of Year		22,199	
Fund Balance – End of Year		\$ 47,348	

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 6

Statement of Revenues, Expenditures and Changes in Fund Balance

Building Fund

For the Year Ended March 31, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	\$ -	\$ -	\$ -
Total	-	-	-
<u>Expenditures</u>			
Capital Outlay	-	5,102	(5,102)
Total	-	5,102	(5,102)
<u>Excess Revenues (Expenditures)</u>	-	(5,102)	(5,102)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	2,500	2,500	-
Operating Transfers (Out)	-	-	-
Total	2,500	2,500	-
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ 2,500	(2,602)	\$ (5,102)
Fund Balance – Beginning of Year		6,815	
Fund Balance – End of Year		\$ 4,213	

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Suttons Bay-Bingham Fire and Rescue Department

Schedule 7

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget Stabilization Fund

For the Year Ended March 31, 2005

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>	\$ -	\$ -	\$ -
Total	-	-	-
<u>Expenditures</u>	-	-	-
Total	-	-	-
<u>Excess Revenues (Expenditures)</u>	-	-	-
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	5,000	5,000	-
Operating Transfers (Out)	-	-	-
Total	5,000	5,000	-
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ 5,000	5,000	\$ -
Fund Balance – Beginning of Year		20,000	
Fund Balance – End of Year		\$ 25,000	

The Notes to the Financial Statements are an integral part of this statement.